

WANTAGE POINT

A WEEKLY PUBLICATION FROM THE FUND MANAGERS AND ANALYSTS OF PHILEQUITY MANAGEMENT, INC.



EQUITY OUTLOOK

Market Outlook: Cautious
Technicals: Support at 5700 followed by 5580, Resistance at 6000 followed by 6200
Trading Strategy: Earnings results are moving stocks in different directions, hence the wild swings in the stock market. With earnings trajectory showing divergent directions even within the same sector, stockpicking is all the more essential. Buying stocks showing relative strength and improving fundamentals is key.

This week has all been about corporate earnings and global macro news. The PSEi had wild swings this week but all told, the index ended marginally higher as it gained 0.27% to reach 5,977 – still below the major support of 6,000. This was despite the Philippine Peso reaching a new all-time low of 61.72/\$, weaker by 1.81% WoW. Net foreign flows remained positive, amounting to PHP303 million.

Corporate earnings season is in full swing with many negative surprises from notable companies. Be it the Iran War or stiffer competition, we saw investors punish stocks whose earnings came in way below forecasts. At the same time, the MSCI also announced its May 2026 rebalancing, with some blue chips seeing billions of pesos in outflows. Still, the resilience of other index heavyweights kept our market afloat.

Meanwhile, the local political landscape has become more unpredictable following developments in Vice President Sara Duterte's impeachment. On Monday, the House of Representatives proceeded to impeach VP Sara with 257 votes, well above the required 106. On the same day, a Senate coup transpired, where Sen. Bato dela Rosa appeared after being inactive since November and was able to cast a crucial vote for the leadership change. Prior to this, he was seen rushing to the plenary hall in CCTV footage. As a result, former Senate President Tito Sotto was ousted after votes shifted toward a pro-Duterte majority bloc that put Sen. Alan Peter Cayetano into power. An ICC warrant against Sen. Bato was also unsealed on May 11. On May 13, gunshots rattled the Senate where Sen. Bato had reportedly been taking refuge before sneaking out the next day.

Philippine Stock Exchange Index (PSEi) 1-year chart



With no resolution in sight for the blockage in the Strait of Hormuz, US President Donald Trump flew to Beijing to meet China President Xi Jinping. In that trade summit, China vowed to "open wider" for the West while also reminding them that US actions will determine if it can avoid the "Thucydides trap". Initially greeted with optimism, Asian equity indices turned red due to the lack of meaningful outcomes from the trade summit. A global bond selloff also accompanied Trump's statement that "the US doesn't need the Strait of Hormuz to open at all." Most notably, Korea's KOSPI index fell 6.1% as the retail-driven rally came to a halt. This may drag emerging markets and the tech space down with it. Meanwhile, higher energy costs pushed the US inflation rate in April to 3.8%, the highest since 2023. This shifted expectations toward higher-for-longer Fed rates, which drove up the dollar.



BOND OUTLOOK

Market Outlook: Defensive
Trading Strategy: We remain defensive as UST yields are also moving higher with oil prices on no new development on a deal between the US and Iran. With USDPHP strengthening, local bonds remain without demand, while the BTR seems to be accepting higher yields at its auction, compounding the issue. For now, we see yields to stay high with room to go higher.

Sentiment is still negative as US data points to a strong economy but inflation hitting hard across the board. This complicates what the Fed will do as new Fed chair and Trump wants the Fed to bring down rates, but market is already expecting a hike or at the least a hawkish stance. Here in the Philippines the BSP went ahead with a rate hike, and seems like it may continue to do so with inflation breaching way past target, even if growth is also weak.

PHILIPPINES 10 YEAR GOVERNMENT BOND

PHP BVAL Reference Rates
Benchmark Tenors



Tenor	BVAL Rate as of May 15, 2026
1M	4.5214
3M	4.9111
6M	5.2914
1Y	5.9140
3Y	7.1036
5Y	7.4427
10Y	7.6151

Disclaimer: The information contained herein is the property of Philequity Management Inc. and may not be copied or distributed without the prior consent of Philequity Management, Inc. The information and views expressed herein is not warranted to be accurate, complete or timely and may change without prior notice. Neither Philequity nor its content provider is responsible for any damages and losses arising from any use of this information. Past performance is not a guarantee of future results. Investments in mutual funds are not guaranteed by the Philippine Deposit Insurance Corporation. Investing in mutual funds involves risk and possible losses of principal. Consult a professional before investing. For inquiries, please contact Philequity Management, Inc.

